



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: OCTOBER 28, 2025**

FROM: FINANCE DEPARTMENT **WARDS: 5**

SUBJECT: PUBLIC HEARING – CONDUCT FORMATION PROCEEDINGS FOR PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2025-2 (SAGECREST); RESOLUTIONS ESTABLISHING COMMUNITY FACILITIES DISTRICT 2025-2 (SAGECREST), AUTHORIZING LEVY OF SPECIAL TAXES TO PAY THE COSTS OF PROVIDING PUBLIC SAFETY AND MAINTENANCE SERVICES, CALLING AN ELECTION OF FORMATION AND CERTIFYING RESULTS OF OCTOBER 28, 2025 SPECIAL TAX ELECTION, AND ORDINANCE AUTHORIZING THE ANNUAL LEVY OF SPECIAL TAXES WITHIN CFD NO. 2025-2 (SAGECREST)

ISSUES:

Conduct a Public Hearing of formation proceedings for Proposed Community Facilities District CFD No. 2025-2 (Sagecrest), adopt a Resolution establishing Community Facilities District 2025-2 (Sagecrest) authorizing the levy of special taxes to pay the costs of providing public safety and maintenance services within the proposed Community Facilities District, and calling an election therein; adopt a Resolution certifying the results of the October 28, 2025 special tax election; and adopt an Ordinance authorizing the levy of Special Taxes within CFD No. 2025-2 (Sagecrest).

RECOMMENDATIONS:

That the City Council:

1. Conduct a Public Hearing of formation proceedings for proposed Community Facilities District No. 2025-2 (Sagecrest);
2. Adopt a Resolution establishing Community Facilities District CFD No. 2025-2 (Sagecrest), authorizing a levy of special taxes to pay the costs of providing public safety and maintenance services within the District, and calling an election therein;
3. Adopt a Resolution certifying the results of the October 28, 2025 special tax election;
4. Adopt an Ordinance authorizing the levy of special taxes within CFD 2025-2 (Sagecrest); and
5. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation and all other accounting and financial transactions, on an as-needed basis, from available deposits in the CFD No. 4 Sagecrest Special Deposit Fund, for the one-time formation costs of the Communities Facilities District.

BACKGROUND:

The City has been approached by the landowners of Sagecrest, Century Communities of California LLC, requesting the formation of CFD No. 2025-2 (Sagecrest). The project, located in Ward 5, includes 150 attached townhomes, 9 of which are affordable units.

Tract No. 38913, also known as *Sagecrest* was presented to City Council by the Public Works Department on March 11, 2025. At that meeting, the City Council adopted Resolution No. 24233, the Resolution of Acceptance granting final approval of the Tract Map.

On September 16, 2025 City Council adopted Resolution No. 24305 declaring its intention to establish CFD No. 2025-2 (Sagecrest), as well as to authorize the levy of a special tax on the property within the defined district as presented by the adopted boundary map, to pay the costs of providing public services.

The public services to be financed by CFD No. 2025-2 include:

- Maintenance of streets and roadways, traffic signals, railroad signs and signage, street signage, street lighting, medians, side walks, driveways, open space, trails, trees, art displays and other hardscape;
- Maintenance of parks, parkways, park lighting, sidewalks, signage, landscaping in public areas, easements or right of way and open space;
- Maintenance and operation of flood and storm protection facilities and storm drainage;
- Public safety services including police, fire protection and fire suppression, and maintenance of public safety facilities including, police, fire protection and fire suppression facilities;
- Graffiti and debris removal from public improvements;
- Maintenance and operation of any other real property or other tangible property with an estimated useful life of five or more years within CFD No. 2025-2 that is owned by the City of Riverside.

Additionally, during the September 16, 2025 City Council meeting a public hearing was scheduled for October 28, 2025 to vote on the establishment of CFD No. 2025-2, to hold a special election to authorize the proposed rate and method of apportionment of the special taxes that was presented at this meeting.

DISCUSSION:

The attached CFD Report (Attachment 1) has been prepared by Special Tax Consultant, Webb Municipal Finance. The report provides a description of the public safety and maintenance services to be funded with the proceeds of Special Taxes A and B, the rate and method of apportionment of the taxes, and the proposed boundary map showing the location and boundaries of this CFD.

The proposed CFD No. 2025-2 (Sagecrest) is structured to allow properties within the District to be taxed at their assigned rate from the time a parcel is considered developed, commencing in Fiscal Year 2026/27 or as soon thereafter as development occurs. The project is nearing completion with the first property owners closing escrow in November 2025.

The project consists of two tax types:

1. Special Tax A can be assessed to pay certain costs required to meet the needs for Public Safety Services in both the current Fiscal Year and the next Fiscal Year. The estimated average Special Tax A rates for CFD No. 2025-2 (Sagecrest) are \$596.47 per residential property unit and \$39,095.39 per acre of non-residential property for Fiscal Year FY 26/27.

On each July 1, commencing July 1, 2026, the Maximum Special Tax A for Developed Property for the prior Fiscal Year shall be increased by the greater of:

- (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or
 - (ii) five percent (5%).
 - (iii) No Special Tax A shall be levied on undeveloped property.
2. Special Tax B can be assessed to pay for eligible city services including street frontage, slope and sidewalk landscaping, street sweeping, pavement management, storm drain maintenance, catch basin maintenance, graffiti abatement, and other authorized services specified by §53313 of the California Government Code that the City provides to this project area. This tax is estimated to be \$46.16 per residential property unit and \$3,105.89 per acre of non-residential property for Fiscal Year FY 26/27.

On each July 1, commencing July 1, 2026, the Maximum Special Tax B for Approved Property for the prior Fiscal Year shall be increased by the greater of:

- (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or
- (ii) three percent (3%).
- (iii) No Special Tax B shall be levied on undeveloped property.

As of October 2025, the proposed CFD No. 2025-2 (Sagecrest) does not contain any non-residential properties and therefore we do not anticipate the need to assess the non-residential property rate. Should this change in the future, the non-residential rates for both Special Tax A and Special Tax B below would apply per the Rate and Method of Apportionment for the district. The Non-residential rate is calculated by the total projected revenue, which is defined as the developed rate times the number of units within the district, divided by the net taxable acreage within the boundaries of the CFD.

The City will classify the following properties as exempt from the special tax assessments: (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, (iv) Assessors Parcel's classified as Affordable Housing Property or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

To move forward with the completion of the CFD formation, the City must conduct a Public Hearing. During the Public Hearing the City Council may allow the testimony of all interested persons for or against the proposed formation of the CFD. Once the hearing is closed, the City Council, at their discretion, may adopt the Resolution Establishing CFD No. 2025-2 (Sagecrest) (Attachment 2), which approves the Rate and Method of Apportionment. The City Clerk will open the ballots of the landowner(s) casting votes for or against the formation. Once the landowners have finished casting their votes, the City Clerk will count the votes and certify the results. The

City Council, at their discretion, may adopt the Resolution Certifying the Results of the Election (Attachment 5) and vote for approval of the Ordinance Authorizing the Levy of a Special Tax (Attachment 7). The Ordinance will be adopted and take effect on the date of adoption per City Charter sections 413 and 416(c).

FISCAL IMPACT:

The total fiscal impact related to the costs of the formation are paid from a deposit posted by the Landowners. Annually thereafter, costs incurred for staff time to administer the District are reimbursed from the annual levy of special taxes on the property owners.

Special Tax Revenues for Fiscal Year 2026/27 are estimated at \$84,102 for Special Tax A and \$6,509 for Special Tax B which will be used to offset incremental costs of providing public safety and maintenance services within the District.

Upon Council approval, Finance staff will record supplemental appropriations and other necessary budgetary and accounting transactions for the purpose of covering the costs of the formation of the Communities Facilities District. Finance staff will ensure that all estimated revenues and expenditures are budgeted appropriately in the upcoming biannual budget preparation.

Prepared by: Meline Carranza, Debt and Treasury Manager
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Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City
Treasurer
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. CFD Report
2. Resolution Establishing CFD 2025-2 (Sagecrest)
3. Notice of Public Hearing
4. Landowner Waiver
5. Resolution Certifying the Results of the Election within the District
6. Notice of Special Tax Lien
7. Ordinance Authorizing the Levy of Special Taxes within the District
8. Presentation